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Norton Simon, Inc., Is Planning To Purchase Simon & Schuster

By PAUL L. MONTGOMERY

The billion-dollar Norton Simon, Inc., conglomerate announced an agreement in principle yesterday to buy the publishing house of Simon & Schuster, Inc., for \$23.5-million in cash.

Under the plans, which still require approval of a final merger agreement by the companies and the shareholders of Simon & Schuster, Norton Simon would pay about \$6.63 each for the 3,545,105 shares of the publishing company stock outstanding.

Simon & Schuster stock, which is traded over the counter, had an asking price of \$3.50 a share on Friday and an asking price of \$5.25 a share six months ago. Leon Shimkin, the president of the 46-year-old publishing house, is believed to own about 45 per cent of the outstanding shares.

The merger announcement contained the standard phrase that Simon & Schuster would continue as a separate subsidiary with Mr. Shimkin serving as chairman of the board. It is understood that Mr. Shimkin's present post of president would be filled by an executive from the McCall Communications Group, a part of the Norton Simon conglomerate.

The announcement of the merger plans was made by Mr. Shimkin and David J. Mahoney, president and chief executive officer of Norton Simon, Inc. Mr. Mahoney said the acquisition could be completed in 60 to 90 days.

Simon & Schuster and its offspring, Pocket Books, have long been among the leading

publishers. The house publishes trade books under the Simon & Schuster and Trident Press imprints and paperbacks under the Pocket Books and Washington Square Press imprints. Among its recent hardcover successes have been "The Love Machine" by Jacqueline Sussann, "The Selling of the President" by Joe McGinniss and "The Inheritors" by Harold Robbins.

The company was founded in 1924 by the late Richard Simon and M. Lincoln Schuster. Mr. Simon was a piano salesman and Mr. Schuster the editor of a motor trade magazine when a conversation about the novel "Jean Christophe" led them to their publishing venture.

\$100,000 in First Year

They opened their concern with \$8,000 of savings and loans from friends. Mr. Shimkin, who had worked for the firm of Boni & Liveright, joined the new house in its first six months as an accountant. Simon & Schuster made \$100,000 in its first year, primarily on the success of three crossword puzzles books, which were then a new thing.

In 1939, Mr. Simon, Mr. Schuster, Mr. Shimkin and Robert F. de Graff founded Pocket Books, Inc., the pioneer in low-price paperbacks for the mass market. In 1944 both

Simon & Schuster, whose offices are at 630 Fifth Avenue, has been noted more as a publisher of popular than of quality books, although it has had such successes as "Catch-22."

The sales of Simon & Schuster in 1969 were about \$37-million and its profits after taxes were \$1,117,000.

The Norton Simon empire had its start in Fullerton, Calif., in 1931 when Mr. Simon—who

is not related to Richard L. Simon—bought an orange-juice bottling company in bankruptcy court for \$7,000. Mr. Simon expanded rapidly and later diversified his interests into such fields and steel and publishing.

Norton Simon, Inc., which is reporting sales volume of a billion dollars for the fiscal year ending June 30, was formed in 1968 by the merger of three Simon interests—Hunt Foods & Industries Inc., the Canada Dry Corporation and the McCall Corporation.

The conglomerate has holdings in television, motion pictures, records, music publishing, and information-processing. It publishes McCall's, Redbook and Saturday Review.

Mr. Simon severed his last management tie with the con-

glomerate last December when he resigned as a director to devote full time to his \$100-million art collection and his foundations. However, he and his family are still the largest stockholders in the company, owning 8.7 per cent of the common shares and 7.4 per cent of the preferred.

Mr. Simon was an unsuccessful contender for the Republican nomination for Senator in California two months ago.